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USCG-2003-16327-2

1. Agency/Subagency originating request Dept. of Homeland Security/US Coast Guard		2. OMB control number a. <u>1 6 2 5 - 0 0 7 4</u> b. <input type="checkbox"/> None	
3. Type of information collection (check one) a. <input type="checkbox"/> New collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change, of a previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change, of a previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number <i>For b-f, note item A2 of Supporting Statement instructions</i>		4. Type of review requested (check one) a. <input checked="" type="checkbox"/> Regular submission b. <input type="checkbox"/> Emergency - Approval requested by: ___/___/___ c. <input type="checkbox"/> Delegated 5. Small entities. Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		6. Requested expiration date a. <input checked="" type="checkbox"/> Three years from approval date b. <input type="checkbox"/> Other Specify: ___/___	
7. Title Direct User Fees for Inspection or Examination of U.S. and Foreign Commercial Vessels			
8. Agency form number(s) (if applicable) CG-5565, CG-5565A			
9. Keywords Commercial, Examination, Fee, Foreign, Inspection, Marine safety, U.S., User, Vessel			
10. Abstract The Coast Guard is required by the Omnibus Budget Reconciliation Act of 1990 to collect user fees from Coast Guard inspected commercial vessels. In order to do so the Coast Guard requires the submission of identifying information from the owners of these vessels.			
11. Affected public (Mark primary with "P" and all others that apply with "X") a. <input type="checkbox"/> Individuals or households d. <input type="checkbox"/> Farms b. <input checked="" type="checkbox"/> Business or other for-profit e. <input checked="" type="checkbox"/> Federal Government c. <input checked="" type="checkbox"/> Not-for-profit institutions f. <input checked="" type="checkbox"/> State, Local or Tribal Gov't		12. Obligation to respond (Mark primary with "P" and all others that apply with "X") a. <input type="checkbox"/> Voluntary b. <input checked="" type="checkbox"/> Required to obtain or retain benefits c. <input type="checkbox"/> Mandatory	
13. Annual reporting and recordkeeping hour burden a. Number of respondents <u>12,879</u> b. Total annual responses <u>21,411</u> 1. Percentage of these responses collected electronically <u>20</u> % c. Total annual hours requested <u>3,167</u> d. Current OMB inventory <u>4,648</u> e. Difference <u>- 1,481</u> f. Explanation of difference 1. Program change 2. Adjustment <u>- 1,481</u>		14. Annual reporting and recordkeeping cost burden (in thousands of dollars) a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Current OMB inventory e. Difference f. Explanation of difference 1. Program change 2. Adjustment	
15. Purpose of information collection (Mark primary with "P" and all others that apply with "X") a. <input type="checkbox"/> Application for benefits e. <input type="checkbox"/> Program planning or management b. <input type="checkbox"/> Program evaluation f. <input type="checkbox"/> Research c. <input type="checkbox"/> General purpose statistics d. <input type="checkbox"/> Audit g. <input checked="" type="checkbox"/> Regulatory or compliance		16. Frequency of recordkeeping or reporting (check all that apply) a. <input type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting 1. <input type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. <input checked="" type="checkbox"/> Annually 7. <input type="checkbox"/> Biennially 8. <input type="checkbox"/> Other (describe)	
17. Statistical methods Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		18. Agency contact (person who can best answer questions regarding the content of this submission) Name: <u>Mr. David Du Pont</u> Phone: <u>(202) 267-0971</u>	

**Supporting Statement
for
Direct User Fees for Inspection or Examination of
U.S. and Foreign Commercial Vessels**

A. Justification.

1. Circumstances that make the collection of information necessary.

The Omnibus Budget Reconciliation Act of 1990 (the Act) amended 46 U.S.C. 2110 and removed long-standing prohibitions against imposing certain user fees. As amended by the Act, 46 U.S.C. 2110 now requires the collection of user fees for Coast Guard services (such as inspection services) provided under Subtitle II of Title 46, U.S.C. Regulations in 46 CFR 2 address user fees for Coast Guard inspections or examinations of existing U.S. and foreign commercial vessels.

This information collection supports the following strategic goals:

Coast Guard

- Safety
- Maritime Security
- Protection of Natural Resources
- Mobility
- National Defense

Marine Safety, Security and Environmental Protection Directorate (G-M)

- Safety: Eliminate deaths, injuries, and property damage associated with commercial maritime operations.
- Security: Eliminate marine transportation and coastal security vulnerability.
- Human and Natural Environment: Eliminate environmental damage associated with maritime transportation and operations on and around the nation's waterways.
- Economic Growth and Trade/Mobility: Reduce interruptions and impediments that restrict the economical movement of goods and people, while maximizing safe, effective, and efficient waterways for all users.

2. By whom, how, and for what purpose the information is to be used.

The Coast Guard is required to charge fees, and must have certain minimal information to credit payments to specific vessels. This information includes, among other things the vessel identification number (VIN) and the name of the vessel.

Requirements are also in place for those owners who choose to pay the annual inspection fee for a period of three years or more. This requires the owner to submit a written request to Commandant (G-MRP) specifying the VIN and the period for which prepayment is to be made (However, it should be noted that vessel owners typically pay on an annual basis). The entitlement to inspection services may not be transferred to any other vessel.

Also, if the vessel is permanently removed from Coast Guard certification, the owner may seek a refund of the remaining prepayment amount by submitting a written request (payments in advance for more than 6 months is normally refunded to the owner). Moreover, a refund is given if a fee has been paid and the Certificate of Inspection (COI) is deactivated prior to the user fee anniversary date and will not be reactivated before the next anniversary date. Refunds are not issued if a vessel is taken out of service before the anniversary date. The request for a refund must be submitted to the Officer-in-Charge, Marine Inspection (OCMI) to whom the COI is surrendered.

Organizations seeking exemption from the annual inspection fee for their vessels must also submit a written request for exemption to the OCMI of the Marine Inspection Zone in which the vessel normally operates. It should include the vessel name, the VIN and evidence of the organization's charitable or non-profit nature. The information must demonstrate that the vessels are used exclusively for training youths in boating, seamanship and navigation skills if the exemption is sought on the grounds that the vessel's purpose is youth oriented, vessels owned or operated by the Federal government, and vessels providing medical services.

Finally, a new requirement is established for Federal agencies owning inspected vessels for which fees would be paid directly using Federal funds. The Coast Guard will waive these fees. However, the Federal agencies seeking these exemptions must still give the Coast Guard the name and VIN of the vessels to be exempted by October 1 of each year. Requests for waivers and/or exemptions are typically received through e-mail or correspondence.

If the required information and payment of fees is not provided, the Coast Guard may not be able to determine which vessel the payment is for, or resolve problems if discrepancies occur, such as out of balances, overpayments, underpayments, and payments returned due to insufficiency of funds. This would result in additional burdens being placed on vessel owners and operators, and on the Coast Guard. It could also result in unnecessary delays to vessels if inspection services are withheld pending verification of payment. Furthermore, accounting problems would probably develop that would hinder future collection of fees.

Other information requirements will apply only to a relatively small number of vessel owners or operators who will request a refund, waiver, exemption, or seek to prepay the fees for multiple years. Without the additional information provided by the vessel owner or operator, the Coast Guard would not have enough information to process the request or make a proper determination related to the benefit the vessel owner or operator seeks.

3. Consideration of the use of improved information technology.

The Coast Guard used data collected in its Marine Information for Safety and Law Enforcement (MISLE) system to develop a single annual fee for its inspection services and a computerized payment tracking system. This was necessary instead of trying to custom tailor each fee to each vessel in an effort to keep costs to the Coast Guard, as well as to vessel owners and operators, down.

We estimate that 100% of the reporting requirements can be done electronically. At this time, we estimate that approximately 20% of the responses are collected electronically (fax).

4. Efforts to identify duplication. Why similar information cannot be used.

The user fee collection of information are not duplicated elsewhere. There are no other forms or similar information available elsewhere for the purpose of collecting the fees.

5. Methods to minimize the burden to small businesses if involved.

The Coast Guard has taken practicable steps to develop simplified requirements for vessel owners and operators to minimize information collection burdens. Most of the small businesses or other small entities impacted by this rule belong to the small passenger vessel industry. These small vessel owners are required to pay an annual inspection fee.

Aside from a user-friendly notification letter, the Coast Guard has put into place a modern and efficient payment collection program. Through the computer tracking system, payment histories should be updated within one business day of receipt.

6. Consequences to the Federal program if collection were not done or conducted less frequently.

The requirement to collect fees annually is mandated by law. The Coast Guard cannot manage the collection of fees without the information concerning the vessel name, VIN and other identifying information.

7. Explain any special circumstances that would cause the information collection to be conducted in a manner inconsistent with guidelines.

There are no special circumstances associated with this collection.

8. Consultation

The information collection requirements were presented for public comment in accordance with the Administrative Procedure Act of 1946. Ample opportunity was given for public comment. No other contact is considered necessary.

9. Explain any decision to provide payment or gift to respondents.

No payment or gift is offered to respondents.

10. Describe any assurance of confidentiality provided to respondents.

No assurance of confidentiality is provided or necessary for the information (i.e., vessel name, VIN, etc.). Since payments will be mailed to Bank of America, normal safeguards employed by banking institutions will be taken in processing money orders, personal checks and CC info.

11. Additional justification for any questions of a sensitive nature.

This information collection request does not involve any questions of a sensitive nature.

12. Estimates of reporting and recordkeeping hour and cost burdens of the collection of information.

Estimates of the information collection burden are based on Coast Guard informal in-house consultations and experience. The average time for responses and special requests has not changed. The **estimated total annual burden for respondents is 3,167 hrs** shown in Table 1:

Table 1: Total Responses and Hour Burden to Respondents

Action	No. of responses	Average hours/response	Hours
Fee Payments			
Reading notification and making payment	8,532	.15	1,280
Reading payment receipt letter	8,532	.05	427
Fee for overseas inspections	750	.10	75
Foreign Tank Vessels and Mobile Offshore Drilling Units	1,033	.10	103
Special Requests			
Exemptions & Waivers	440	0.5	220
Prepayments	2,076	0.5	1,038
Refunds	48	0.5	24
Total	21,411		3,167

Average hours per response: 3,167 hrs/21,411 responses = 0.15 hours

The **estimated annual cost to respondents is \$115,771** shown in Table 2. The cost to most respondents will be related to mailing a check, money order or CC info to Bank of America once a year. The handling of this correspondence requires personnel time that is equivalent to a Petty Officer with an hourly wage of \$25/hr (*per COMDTINST 73101.1F*). Other costs associated with this collection are incurred by respondents who submit special requests. These special requests by respondents require the preparation of a letter and photocopies of documents for exemption requests.

Table 2: Total Cost to Respondents

Cost of mailing payment	8,532 x \$.37 = \$3,157
Personnel costs of handling correspondence	3,167 hrs at \$25/hr = \$79,175
Cost of mailing special requests	2,564 x \$.37 = \$949
Cost of personnel preparing special requests	1,282 hrs at \$25/hr = \$32,050
Copying costs in preparing exemption & waiver requests	440 x \$1.00 = \$440
Total Cost	\$115,771

13. Estimates of annualized capital and start-up costs.

There are no annualized capital or start-up costs to respondents.

14. Estimates of annualized Federal Government costs.

The total hourly burden for the Federal Government is shown in Table 3.

Table 3: Total Hour Burden to Federal Government

Action	No. of responses	Average hours/ response	Hours
Fee Payments			
Verifying daily bank report for: payments; fees for overseas inspections; Foreign Tank Vessels and Mobile Offshore Drilling Units	8,532 + 750 + 1,033 = 10,315	.15	1,547
Special Requests			
Exemptions & Waivers	440	2.5	1,100
Prepayments	2,076	0.5	1,038
Refunds	48	2.5	24
Total	12,879		3,709

Average hours per response: 3,709 hrs/12,879 resp. = 0.29 hours

The **estimated total annual cost to the Federal Government is \$192,171** (\$185,450 + \$6,721 = \$192,171) shown in Table 4. This includes the cost for 3,709 annual hours of work equivalent to a GS-13 User Fee Collection Technician at an hourly wage of \$50/hour (3,709 hours x \$50/hour = \$185,450)(*per COMDTINST 73101.1F*). This includes the cost paid to a subcontractor to print and mail the letters and printer maintenance (\$6,721).

Table 4: Total Cost to Federal Government

Expense Item	Estimated Cost
Personnel (support staff)	\$185,450
Printing and mailing of letters	\$6,721
Total Cost	\$192,171

15. Explain the reasons for the change in burden.

The change in burden is an ADJUSTMENT due to fewer responses of fee payments and special requests.

16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis and publication.

There are no plans to publish the information for statistical use.

17. Approval to not display expiration date.

Not applicable.

18. Explain each exception to the certification statement.

Not applicable.

B. Collection of Information Employing Statistical Methods.

This collection does not require the use of statistical methods.